

# Partners Marketing Meeting Tourism Trends & Outlook Report

Presented by  
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Helena, Montana

The Good, The Bad & The Ugly

- + U.S. Travel & Tourism
- + Montana Tourism
- + Marketing Trends

The Ugly

U.S. Travel & Tourism

# National Performance

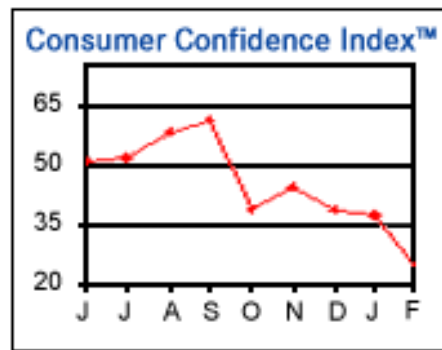
## + Was

- Domestic travel was down 1%
- 2008 ended with a 2% decline in room demand and RevPar
- Legacy airlines down 6% in passengers
- International travel boosted U.S. tourism most of 2008, but declined 9% in November alone
- Tourism industry deteriorated significantly in 4<sup>th</sup> quarter of 2008

# National Performance

+ Is

- U.S. recession is the deepest in 50+ years<sup>1</sup>
- Economic downturn has intensified
- Economy “shrinking at a staggering rate” (*Washington Post*)
- Consumer Confidence Index hit new lows in February<sup>2</sup>
- Backlash on meetings, events and incentive travel



<sup>1</sup>Global Insight

<sup>2</sup>The Conference Board

# National Outlook

## + Will be

- Revised travel forecast...
- 3.5% decline in domestic leisure travel. (previously forecasted at 1.3%)
- 5.6% decline in business/convention travel
- Overseas travel expected to fall 4%
- Hotel RevPar down 6 to 11%
- 7% decline in Travel expenditures
- 200,000 travel-related jobs lost in 2008; another 247,000 projected jobs lost in 2009\*

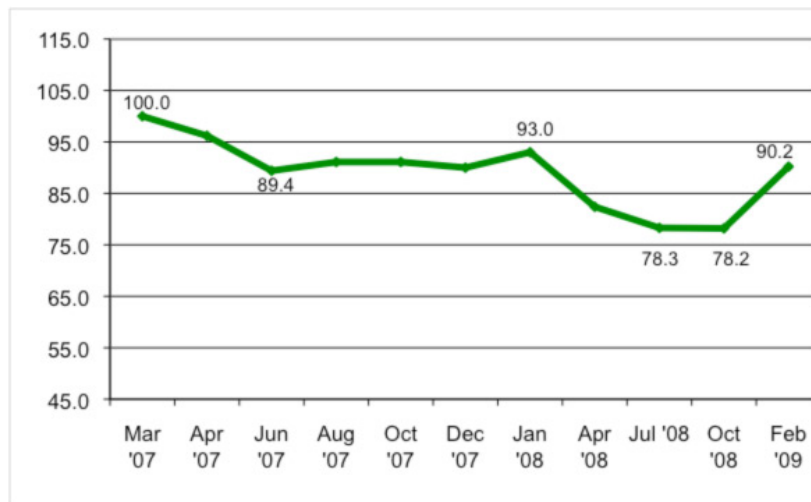
\*U.S. Dept of Commerce

# National Outlook

## + Silver lining...

- In February, leisure travelers' intent to take a trip and the Traveler Sentiment Index climbed upward (first increase since Jan 08).\*
- Aggressive discounting and promotion has influenced this

U.S. Traveler Sentiment Index™



\*(TravelHorizons™, U.S. Travel and YPartnership)



# National Trends

- + Trading down but not out
- + Wheeling and dealing:
  - “*We haven’t seen deals like this in years*”  
“*Flights and hotels cost less than last year*”  
(Travelocity senior editor)
  - “*We’re seeing three times as many hotel promotions*”  
(Orbitz spokesperson)

# National Trends

- + Looking for ways to economize
  - Traveling closer to home
  - Shortening stays
  - Finding cheaper accommodations and travel arrangements
  - Remaining open-minded about where they go - value will play a greater role in decision making
  - Comparison shop for prices and rates
  - Plan to spend less on food, beverages and entertainment
  - 1/3 plan to visit less expensive destinations<sup>\*1</sup>
  - Booking trips later to take advantage of last-minute deals, etc. <sup>\*2</sup>

<sup>\*1</sup>Destination Analysts

<sup>\*2</sup>Travel Leaders Survey

The Bad *(kinda)*

Tourism in Montana

# Montana Performance

## + Was

- Nonresident visitation was down 3.7%\* in 2008
- Travel expenditures down 15%\*
- International travel – primarily Canadian travel – was strong
- 2008 ended with a 2.3% decline in rooms sold
- Gasoline averaged \$4.21/gallon in July
- Summer bed tax revenue (3<sup>rd</sup> quarter) was down 1% over 2007
- Airline deboardings increased 2.9%
- Skier visits were up 14.5%

\*Preliminary numbers from ITRR

# Montana Performance

- + Comparison of 2008 Jul-Aug Visitation to 2005 Jul-Aug Visitation
  - Length of stay decreased by nearly a day
  - Upper income visitors (\$100,000-\$120,000) increased 10%
  - First-time visitors increased to 44% compared to 26% in 2005
  - Daily visitor spending dropped 15%

# Montana Outlook

## + Will be

- 2% decrease in nonresident visitation in 2009
- .5% increase in 2010; 1.3% increase in 2011
- Canadian travel may decline from 2008 levels
  - Currently the Canadian dollar is 77 cents to the U.S. dollar down from \$1.10
- Overseas travel may be better than projected
- Gasoline is currently \$1.93/gal

# ITRR Outlook Survey

## Business Owner Projections for 2009

<b>Projected Year</b>	<b>Expect Increase</b>	<b>Expect to Remain Same</b>	<b>Expect Decrease</b>
2009	32%	39%	27%
2008	55%	34%	10%
2007	64%	31%	5%
2006	63%	31%	6%
2005	67%	26%	7%
2004	79%	18%	3%
2003	70%	22%	8%
2002	56%	33%	10%

- + First year since inception of the survey in 1995 that more than a quarter of business owners are expecting a decline in business
- + The majority (71%) of tourism businesses do not intend to expand, change, or sell their business in 2009
  - Many simply indicated they would “hang in there!”

The Good

Marketing Trends



# Making Lemonade out of Lemons



# National Travel Trends

## + Nature-based travel

- National parks hosted 277.7 million visitors in 2008 – up 0.3% and expects another 0.4% gain in 2009.
- *TripAdvisor Survey*:
  - 73% plan to visit a national park (up from 62% last year)
  - 53% plan to go hiking (up from 50%)
  - 47% plan to engage in an adventure activity (up from 40%)

# National Travel Trends

## + Sustainable/Green travel

- Sustainable travel defined as: Creating an experience that evokes the past, savors the present and allows for the future.
- *TravelHorizons Survey*:
  - 85% consider themselves “environmentally conscious”
  - 40% would consider choosing a business based on their commitment to environmental responsibility
- *TripAdvisor Survey*:
  - 34% will visit an environmentally-friendly hotel or resort in 2009 (up from 30%)
  - 32% would be more environmentally conscious in their travel decisions in 2009 (up from 26%)
- Opportunity to set yourself apart. Don't have to do everything but you can do something.
- Climate Sightseeing- A growing number of travelers are moved to visit destinations threatened by climate change i.e. Galapagos, Machu Picchu.... (*American Express*)

# National Travel Trends

## + Social Media

- Social media is becoming a very important part of the marketing mix, but what role it plays needs to be well thought out.
- Leading strategy for businesses worldwide.
- Helps build brand loyalty by engaging customers in conversation.
- Its use is high and growing in all customer segments; this isn't something limited to those marketing to teens and twenty-somethings.
- The cost is low and the impact is high.

# National Travel Trends

## + Authentic Travel & Niche Tours

- Demand for vacations driven by special interests will continue to rise in 2009.\*
- “Authentic travel”— experiencing a destination more intensely through longer stays and deep cultural immersion
- Niche tours, where groups of people with like-minded interests travel together.

## + Tried & True Travel

- Travelers are expected to return to destinations that they know and love in greater numbers.
- Not only is it a safe way to ensure an enjoyable vacation, it allows travelers to explore destinations more thoughtfully, while giving them a true sense of costs.

# National Travel Trends

## + *Flashpackers*

- A flashier version of the backpacker.
- The flashpacker opts for low-cost carriers and trains, but has ditched the group sleeping arrangements in favor of perks such as a private room, flat-screen TV, and original art.

# Marketing Tactics\*

- + Focus on best and most loyal customers
- + Consider new niches – ex. Multigenerational, culinary, greenies
- + Build a robust CRM system. Invest more in one-to-one e-marketing
- + Solicit new partnerships and collaborations
- + Highlight Customer Service
- + Personalize and customize the transaction and experience as much as possible
- + Engage in constant communication with your customer and prospect base

# Marketing Tactics\*

- + Spend more on online options and ecommerce – update website and explore social media
- + Respect and respond to short-term customer buying decisions
- + Place more emphasis on PR to generate third-party testimonials
- + In advertising:
  - Focus strategy and execution
  - Buy less, buy smarter but still continue to buy
  - Migrate advertising investment to more niche media



# Questions & Comments

Presentation will be available online at  
[www.travelmontana.mt.gov](http://www.travelmontana.mt.gov)  
under Research – Staff Presentations